
SUBSTITUTE HOUSE BILL 3051

State of Washington 60th Legislature 2008 Regular Session

By House Finance (originally sponsored by Representatives Seaquist, Lantz, Clibborn, Hunter, Liiias, Rolfes, and Green)

READ FIRST TIME 02/12/08.

1 AN ACT Relating to sales and use tax on transportation projects;
2 amending RCW 47.46.060 and 82.14.0455; and adding a new section to
3 chapter 82.32 RCW.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 82.32 RCW
6 to read as follows:

7 (1) The tax imposed and collected under chapters 82.08 and 82.12
8 RCW, less any credits allowed under chapter 82.14 RCW, on the initial
9 construction of a transportation project in which fifty percent or more
10 of the cost of the project or more than one billion dollars will be:

11 (a) Recovered through tolls, must be transferred to the tolling
12 account of the project; or

13 (b) Provided by funding sources adopted pursuant to chapter 36.73
14 RCW, must be transferred to the entity providing the local funding for
15 the transportation project.

16 (2) The tax imposed and collected under chapters 82.08 and 82.12
17 RCW, less any credits allowed under chapter 82.14 RCW, on initial
18 construction for a highway of statewide significance to be constructed
19 under chapter 36.73 RCW in a county that borders another state and has

1 a population of more than four hundred thousand, must be transferred to
2 the highway project to defray the costs or pay debt service on that
3 project, if more than one hundred million dollars will be provided for
4 the highway of statewide significance by funding sources adopted
5 pursuant to chapter 36.73 RCW.

6 (3) Revenue transferred under subsection (1)(a) or (b) or (2) of
7 this section must be used to lower the overall cost of the project.

8 (4) A transfer under this section is exempt from the provisions of
9 RCW 43.135.035(4).

10 (5) For the purposes of this section, "transportation project"
11 includes a series of related component projects. Related component
12 projects for the state route number 520 bridge replacement and HOV lane
13 construction project include the early construction of pontoons for the
14 replacement bridge, the construction of the replacement bridge itself,
15 and the construction of the corridor and various interchanges along
16 state route number 520 between Interstate 5 and Interstate 405.

17 (6) This section does not apply to the state route number 16
18 corridor improvements project.

19 **Sec. 2.** RCW 47.46.060 and 2002 c 114 s 18 are each amended to read
20 as follows:

21 (1) Any person, including the department of transportation and any
22 private entity or entities, may apply for deferral of taxes on the site
23 preparation for, the construction of, the acquisition of any related
24 machinery and equipment which will become a part of, and the rental of
25 equipment for use in the state route number 16 corridor improvements
26 project under this chapter. Application shall be made to the
27 department of revenue in a form and manner prescribed by the department
28 of revenue. The application shall contain information regarding
29 estimated or actual costs, time schedules for completion and operation,
30 and other information required by the department of revenue. The
31 department of revenue shall approve the application within sixty days
32 if it meets the requirements of this section.

33 (2) The department of revenue shall issue a sales and use tax
34 deferral certificate for state and local sales and use taxes due under
35 chapters 82.08, 82.12, and 82.14 RCW on the project.

36 (3) The department of transportation or a private entity granted a
37 tax deferral under this section shall begin paying the deferred taxes

1 in the fifth year after the date certified by the department of revenue
2 as the date on which the project is operationally complete. The first
3 payment is due on December 31st of the fifth calendar year after such
4 certified date, with subsequent annual payments due on December 31st of
5 the following nine years. Each payment shall equal ten percent of the
6 deferred tax. The project is operationally complete under this section
7 when the collection of tolls is commenced for the state route number 16
8 improvements covered by the deferral.

9 (4) The department of revenue may authorize an accelerated
10 repayment schedule upon request of the department of transportation or
11 a private entity granted a deferral under this section.

12 (5) Interest shall not be charged on any taxes deferred under this
13 section for the period of deferral, although all other penalties and
14 interest applicable to delinquent excise taxes may be assessed and
15 imposed for delinquent payments under this section. The debt for
16 deferred taxes is not extinguished by insolvency or other failure of
17 the private entity. Transfer of ownership does not terminate the
18 deferral.

19 (6) Applications and any other information received by the
20 department of revenue under this section are not confidential and are
21 subject to disclosure. Chapter 82.32 RCW applies to the administration
22 of this section.

23 (7) If a deferral has been granted under subsection (1) of this
24 section, the taxes otherwise due under chapters 82.08 and 82.12 RCW on
25 the site preparation for, the construction of, the acquisition of any
26 related machinery and equipment that will become a part of, and the
27 rental of equipment for use in the state route number 16 corridor
28 improvements need not be repaid.

29 **Sec. 3.** RCW 82.14.0455 and 2006 c 311 s 16 are each amended to
30 read as follows:

31 (1) Subject to the provisions in RCW 36.73.065, a transportation
32 benefit district under chapter 36.73 RCW may fix and impose a sales and
33 use tax in accordance with the terms of this chapter. The tax
34 authorized in this section is in addition to any other taxes authorized
35 by law and shall be collected from those persons who are taxable by the
36 state under chapters 82.08 and 82.12 RCW upon the occurrence of any
37 taxable event within the boundaries of the district. The rate of tax

1 shall not exceed two-tenths of one percent of the selling price in the
2 case of a sales tax, or value of the article used, in the case of a use
3 tax. The tax may not be imposed for a period exceeding ten years.
4 This tax may be extended for a period not exceeding ten years with an
5 affirmative vote of the voters voting at the election. If the
6 transportation benefit district is located in a county that borders
7 another state and has a population of more than four hundred thousand,
8 and a portion of the sales tax is used to fund initial construction on
9 a highway of statewide significance within the county, the sales tax
10 may be imposed for more than ten years.

11 (2) Money received from the tax imposed under this section must be
12 spent in accordance with the requirements of chapter 36.73 RCW.

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